

PERIODIC REPORT ON THE NATIONAL EMERGENCY
WITH RESPECT TO IRAQ

COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

A SIX MONTH PERIODIC REPORT ON THE NATIONAL EMERGENCY
WITH RESPECT TO IRAQ THAT WAS DECLARED IN EXECUTIVE
ORDER 12722 OF AUGUST 2, 1990, PURSUANT TO 50 U.S.C. 1641(c)
AND 50 U.S.C. 1703(c)



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To the Congress of the United States:

As required by section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), and section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c), I am providing a 6-month periodic report prepared by my Administration on the national emergency with respect to Iraq that was declared in Executive Order 12722 of August 2, 1990.

GEORGE W. BUSH.

THE WHITE HOUSE, *January 29, 2003.*

PERIODIC REPORT ON THE NATIONAL EMERGENCY WITH RESPECT TO
IRAQ

This report to the Congress addresses developments over the course of the past 6 months concerning the national emergency with respect to Iraq that was declared in Executive Order 12722 of August 2, 1990, and matters relating to Executive Order 12724 of August 9, 1990, and Executive Order 12817 of October 23, 1992. This report is submitted pursuant to section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c), and section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c).

1. There have been no amendments to the Iraqi Sanctions Regulations, 31 C.F.R. Part 575 (the "Regulations"), during the current reporting period.

2. Since December 10, 1996, the Department of the Treasury's Office of Foreign Assets Control (OFAC) has issued specific licenses authorizing participation by U.S. persons in commercial sales of humanitarian goods to Iraq funded by Iraqi oil sales, and imports of Iraqi petroleum products, pursuant to United Nations Security Council Resolution (UNSCR) 986 and succeeding resolutions. The total value of humanitarian sales since 1996 is nearly \$793 million. Of this amount, OFAC licenses have authorized the sale of \$521 million in basic foodstuffs, about \$94 million for medicines and medical supplies, nearly \$148 million for water testing and treatment equipment, irrigation systems, and other infrastructure components essential to the delivery to the Iraqi people of food, medicine, and other necessities of life, and approximately \$30 million to fund a variety of United Nations activities in Iraq. During the current reporting period, as of December 11, 2002, OFAC-authorized humanitarian sales were valued at nearly \$37 million, a substantial decrease from the prior reporting period.

In addition, sales of oil infrastructure merchandise authorized since November 10, 1998, in conformity with UNSCRs 1153 and 1175, were valued at approximately \$183 million. OFAC issued 47 licenses during the reporting period for the sale of oilfield parts and equipment to the Government of Iraq. During the current reporting period, as of December 23, 2002, importations of Iraqi crude oil, authorized by OFAC pursuant to UNSCR 1153, totaled approximately 13.5 million barrels. During the prior period, U.S. imports included an additional 63 million barrels not previously reported.

3. As of December 3, 2002, eight transactions totaling approximately \$420,000 blocked during the reporting period. Sixty-even transactions, not involving blockable interests, were rejected by U.S. banks causing a disruption of more than \$3.7 million in business for Iraq.

4. Since my last report, OFAC has assessed five civil monetary penalties totaling nearly \$57,500 for violations of the sanctions. An

additional 21 cases are undergoing agency penalty or debt collection action for violations of the Regulations.

5. The expenses incurred by the Federal Government in the 6-month period from August 2, 2002, through February 1, 2003, that are directly attributable to the exercise of powers and authorities conferred by the declaration of a national emergency with respect to Iraq, are reported to be about \$1.3 million, most of which represent wage and salary costs for Federal personnel. Personnel costs are largely centered in the Department of the Treasury (particularly in the Office of Foreign Assets Control, the U.S. Customs Service, the Office of the Under Secretary for Enforcement, and the Office of the General Counsel), and the Department of State.

6. The United States imposed economic sanctions on Iraq in response to Iraq's illegal invasion and occupation of Kuwait, a clear act of brutal aggression. The United States, together with the international community, is maintaining economic sanctions against Iraq because the Iraqi regime has failed to comply fully with relevant United Nations Security Council resolutions. Iraqi compliance with these resolutions is necessary before the United States will consider lifting economic sanctions.

The policies and actions of the Saddam Hussein regime continue to pose an unusual and extraordinary threat to the national security and foreign policy of the United States, as well as to regional peace and security. The United Nations Security Council resolution affirm that the Security Council will review Iraq's policies and practices in judging Iraq's compliance with those resolutions. Because of Iraq's failure to comply fully with these resolutions, the United States will continue to apply economic sanctions to deter if from threatening peace and stability in the region. I shall exercise the powers at my disposal to deal with this threat and will continue to report periodically to the Congress on significant developments as required by law.

